


17 February 1954

MEMORANDUM FOR: Director of Central Intelligence
THROUGH: Deputy Director (Intelligence)
SUBJECT: NSC Status Report

1. The attached subject Report has been revised to include changes agreed at yesterday's meeting of the IAC. State has provided a revision of section X, paragraph 1 to meet the point raised at the meeting.

2. This report was originally requested 1 February and a requested extension was granted to today.


Office of Intelligence Coordination

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Recommend signature


Acting Deputy Director (Intelligence)

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FEB 18 1954

*I still think State's Contribution
is somewhat optimistic, but
recommend the paper be forward.*

FEB 18 1954

MEMORANDUM FOR: Mr.
Executive Secretary
National Security Council

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SUBJECT: Semi-Annual Supplementary Status
Report on the Foreign Intelligence
Program

1. In accordance with your request of 14 December 1953 I submit to the President, with the concurrence of the IAC, the attached subject report. You will recall that subsequent to your request it was agreed to proceed with this report in accordance with my memorandum to you of 3 August 1953.

2. As requested, I have also prepared a report corresponding to Annex E of No. 8 of NSC-161. Due to the extreme sensitivity of this report I recommend that copies be addressed, on an "Eyes Only" basis, to the President, the Secretary of State, the Secretary of Defense, and the Director, Foreign Operations Administration, for their return to me immediately upon reading, or in any event within ten days. I further recommend that the addressees be advised that if there are other members of their offices who have a need to know all or any part of the report, upon request we will arrange to orally brief those members. As you may prefer that I deliver copies of the "Eyes Only" report directly to the addressees, I will retain it pending receipt of your advice.

SIGNED

ALLEN W. DULLES
Director

Attachment

OIC:RDD:KM (16 February 1954)

Distribution: O & 1 - Addressee 1 - OIC (return)
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CIA 36337-c Copy #3
~~IAC-D-55/6~~
(~~Second Revision~~)
~~10 February 1954~~

No. - THE FOREIGN INTELLIGENCE PROGRAM

(Prepared by the Central Intelligence Agency and concurred
in by the Intelligence Advisory Committee)

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IA-G-D-55/6

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OBJECTIVES

1. National Security Act of 1947, as Amended:

For the purpose of coordinating the intelligence activities of the several Government departments and agencies in the interest of national security, it shall be the duty of the Agency, under the direction of the National Security Council—

(1) to advise the National Security Council in matters concerning such intelligence activities of the Government departments and agencies as relate to the national security;

(2) to make recommendations to the National Security Council for the coordination of such intelligence activities of the departments and agencies of the Government as relate to the national security;

(3) to correlate and evaluate intelligence relating to the national security, and provide for the appropriate dissemination of such intelligence within the Government using where appropriate existing agencies and facilities: Provided, That the Agency shall have no police, subpoena, law-enforcement powers, or internal-security functions: Provided further, That the departments and other agencies of the Government shall continue to collect, evaluate, correlate, and disseminate departmental intelligence: And provided further, That the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure;

(4) to perform, for the benefit of the existing intelligence agencies, such additional services of common concern as the National Security Council determines can be more efficiently accomplished centrally;

(5) to perform such other functions and duties related to intelligence affecting the national security as the National Security Council may from time to time direct.

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OBJECTIVES (Continued)

2. NSC 162/2, paragraph 10:

Develop and maintain an intelligence system capable of:

(1) collecting and analyzing indications of hostile intentions that would give maximum prior warning of possible aggression or subversion in any area of the world;

(2) accurately evaluating the capabilities of foreign countries, friendly and neutral as well as enemy, to undertake military, political, economic, and subversive courses of action affecting U.S. security;

(3) forecasting potential foreign developments having a bearing on U.S. national security.

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Approved For Release 2003/04/18 : CIA-RDP80B01676R001100070001-4

NO. ____ - THE FOREIGN INTELLIGENCE PROGRAM

(This report states the most significant changes which occurred during the period 30 June-31 December 1953; it supplements the full report submitted 3 August 1953 as No. 9 in NSC-161.)

I. COORDINATION

1. When the IAC agencies concurred in the last report submitted, they pointed out that the effects of budget cuts then recently imposed on intelligence activities could not be assessed at that time. Since then, the agencies have experienced the effects of budget reductions and have been endeavoring to meet the situation by shifting assests or curtailing activities considered to be least urgent from the viewpoint of immediate requirements. The effect of this curtailment has not been completely apparent during the period under review. The most serious effects of budget cuts have been felt in the collection activities of the Foreign Service and even these are being met, at least partially, by alternative activities.

2. Collectively, the agencies, at the request of the Bureau of the Budget, have developed a suggested listing of categories of intelligence activities as an aid to the Bureau in its proposed budgetary analysis of intelligence programs. This analysis should, among other results, aid the agencies in their continuing appraisal of the costs of the foreign intelligence program.

3. Two Director of Central Intelligence Directives were issued, and one revised, with the concurrence of the IAC, during this period. DCID 7/1 establishes procedures for insuring that all non-governmental individuals offering foreign intelligence information are referred to CIA for exploitation in accordance with NSCID-7. DCID 3/5 refines procedures for the production of national intelligence estimates. DCID 4/2 was revised to include, in the priority list of critical national intelligence objectives, Soviet and Satellite capabilities and intentions for conducting clandestine attack by mass destruction weapons.

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II. NATIONAL ESTIMATES

1. During the period of this report, the IAC approved nineteen national intelligence estimates. These estimates have been increasingly responsive to the requirements of the NSC Planning Board. For example, in large part as a result of the needs of the Planning Board for intelligence support in the formulation of policy, six national estimates were produced dealing with the Soviet Bloc. In addition, the NSC concern with the emergency situations in Korea and Indochina resulted in the production of one estimate on the former area and three on the latter.

2. The IAC undertook two pioneer-type estimates during the period of this report. The first of these was a general estimate of the world situation over a two year period. This was published in the third quarter of 1953. The second estimate of this type deals with the implications of increasing Soviet nuclear weapon capabilities on the policies of selected non-Communist countries. This estimate is scheduled for publication in the first quarter of 1954. Both of these estimates are designed to provide intelligence support for the NSC in its broad, long-range planning.

3. Another current effort is designed to relate more directly the work of collection and research activities to the needs of the policy makers for national intelligence. At the direction of the IAC, the Board of National Estimates is preparing recommendations for revising directives on national intelligence objectives.

III. POLITICAL, SOCIAL AND CULTURAL INTELLIGENCE

The quality of analysis by the staffs producing political, sociological and cultural intelligence has been fully maintained and even improved. In part, the pressure of demands on reduced staffs has been met by a stepping-up of the long-term trend toward the merging of economic, political, and sociological analysis in dealing with individual intelligence problems.

IV. MILITARY INTELLIGENCE

1. General

Currently, the Intelligence Community is seeking to exploit fully presently available intelligence techniques, both in production and in collection. Nevertheless, coverage remains inadequate in critical areas, such as: enemy war plans, early warning of attack, order of battle, enemy localized military and para-military intentions, military equipment development and production, guided missiles, tactical atomic weapons, and technical and scientific military developments. Substantial improvement in the military intelligence field will depend largely upon the increase in the scope and effectiveness of all intelligence collection operations and the development of new collection techniques, now being explored, against military intelligence targets.

2. Operational Intelligence

The best source of intelligence concerning enemy units in Korea was cut off by the signing of the Armistice. Insufficient intelligence is available on the movement or location of Chinese armed forces. The augmentation of U.S. intelligence personnel in Viet Nam should result in some improvement in reporting from this area.

3. Targeting

Initial production of target materials for the highest priority Air Force targets is almost complete for the U.S.S.R. and is progressing satisfactorily for the Satellites and approach areas. Only about one-half of the comparable materials for highest priority Navy (all-weather) targets have been placed in production.

V. ECONOMIC INTELLIGENCE

1. The recent revisions of economic policy and plans in the Soviet Bloc countries have led to an increase in the flow of Soviet and Satellite data on production, trade, and consumption. A considerable amount of these data was reported in absolute terms of production, trade, and consumption. These new data should permit improved estimates on rates of development and trends in particular sectors of the Bloc economies.

2. Intelligence needed for enforcement of economic defense measures has been improved during the last six months by the operation of interagency organization to (a) provide rapid collation and analysis of intelligence on illegal transactions with the Soviet Bloc, (b) speed the dissemination of intelligence to appropriate action agencies, and (c) improve the receipt of information on priority requests to the field.

VI. SCIENTIFIC AND TECHNICAL INTELLIGENCE

1. The bases of estimates of Soviet progress in the field of atomic energy have improved in that recent additional scientific data have been received. In particular, added confirmation of the rate of plutonium production was received from the scientific detection network and a considerable amount of new evidence became available from [REDACTED]

This evidence, together with other information relevant to Soviet [REDACTED] activities, alleviates slightly the considerable lack of information on Soviet uranium-235 production.

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~~(Second Revision)~~

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VII. PSYCHOLOGICAL INTELLIGENCE

1. Progress has been made in inter-agency coordination of psychological intelligence through panels and working groups for such operations as the Operations Coordinating Board activities in support of Ambassador Lodge in the U.N. 8th. General Assembly.

2. Further progress has been made in refining requirements for field collection facilities so that their reporting will emphasize subjects such as rumor, minute personality details, and opinions, which are pertinent in Psychological Intelligence.

3. The IAC has established, on a temporary basis, a Resistance Intelligence Committee to coordinate the preparation of studies of anti-Communist resistance and resistance potential in the Soviet Orbit.

VIII. BASIC INTELLIGENCE

1. One-third of world-wide coverage, most of which is on the JCS high priority areas, is now complete.

2. Increasing emphasis is being given to revision of published NIS under the maintenance program, and to the production of Chapters I (Summary Brief).

3. The NIS Committee has authorized a survey of all NIS users for guidance in the long range development of the Program. The survey is now being conducted by the several IAC agencies.

~~IAC-D-55/6~~

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IX. WARNING OF ATTACK

1. The enemy's choice of the type of attack and the origin of his attack greatly affect our early warning capability. We are largely dependent for early warning on radar and forward observation stations for furnishing information on air attack, in lieu of "inside" sources which in the past have frequently been available for warning that an enemy was about to decide to go to war. However, generally our advance warning largely depends on the sifting of masses of material in our search for those indications of enemy activity which suggest that they are taking measures to implement a decision to attack. We are exploiting all available sources of information and constantly striving to develop new and improved means of detection of attack.

2. In October 1953 the IAC established an ad hoc committee to review, in the light of the present international situation, the mission and operating procedures of the IAC Watch Committee. Progress has been made in revising the "mission and functions" of the Watch Committee, including detailed methods of operation and nature of support.

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X. COLLECTION

1. The Foreign Service

Intelligence reporting and collection from Foreign Service facilities have been generally adequate to meet minimum intelligence requirements. The flow of information from the Iron Curtain areas is deficient, but this difficulty stems from limitations imposed by the Orbit governments rather than from lack of field resources. In other areas, there has been a significant drop in the quantity of materials received, but there has not yet been noted much basic change in the quality of current political, sociological, and economic reporting.

There have been interruptions attributable to temporary dislocations of personnel. In addition, deficiencies have been noted in the following fields:

- a. Peripheral reporting on the European Satellites of the USSR.
- b. Reporting of a background and analytical nature.
- c. Biographic reporting.
- d. Procurement of publications other than regular subscriptions, particularly from London and Rome.

Meanwhile, progress has been made in providing the field with guidance instructions in political and economic fields; most important posts have been covered except in the Latin American area. In response to instructions, worthwhile contributions are now being received from most posts in support of psychological intelligence activities.

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Approved For Release 2003/04/18 : CIA-RDP80B01676R001100070001-4

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Approved For Release 2003/04/18 : CIA-RDP80B01676R001100070001-4

economic, political and related research on foreign areas sponsored by foundations, universities, and individual scholars. It is preparing periodical inventories of similar research sponsored by the Federal Government and reports on research on psychological and unconventional warfare.

The EIC has compiled an inventory of government sponsored external economic research projects on the Soviet Bloc for the period 1 January 1952 through 30 September 1953.

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<p>DOCUMENT DESCRIPTION</p> <p>SOURCE OIC</p> <p>DOC. NO.</p> <p>DOC. DATE FEB 18 1954</p> <p>COPY NO. 3</p> <p>NUMBER OF PAGES 14</p> <p>NUMBER OF ATTACHMENTS</p> <p><i>Admission of Coy 1 - 36337-2</i></p>	<p style="text-align: center;">REGISTRY</p> <p>CIA CONTROL NO. 36337-C</p> <p>DATE DOCUMENT RECEIVED 2-17-54 25X1</p> <p>LOGGED BY [Signature]</p>

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SOURCE OIC		CIA CONTROL NO. 36337-d
DOC. NO. --		DATE DOCUMENT RECEIVED
DOC. DATE 17 Feb 54		LOGGED BY
COPY NO. (1) + 2+		
NUMBER OF PAGES 1 (15 t)		
NUMBER OF ATTACHMENTS <i>w/ Cy # 3-36 36337-C</i>		

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